

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Essex Regional Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: January 25, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and January 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

This schedule is slightly different than the schedule we approved on November 16, 2016 and corrects a misunderstanding with respect to that schedule.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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ESSEX REGIONAL RETIREMENT SYSTEM

FUNDING SCHEDULE with 3(8)(C) - 18 years: Five 7.41% increases, one year of 6.36%, 4% thereafter
Generational Mortality, Scale BB; 7.75% Discount Rate, \$14,000 COLA Base

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	Adjusted Payments	% Change
2018	6,446,958	379,186,506	24,081,393	1,081,739	31,610,090	32,199,894	7.41%
2019	6,704,836	382,625,759	26,165,823	1,081,739	33,952,398	34,585,906	7.41%
2020	6,973,030	382,960,554	28,413,502	1,081,739	36,468,271	37,148,722	7.41%
2021	7,251,951	382,024,448	30,836,880	1,081,739	39,170,569	39,901,442	7.41%
2022	7,542,029	387,929,969	33,449,341	1,081,739	42,073,109	42,858,139	7.41%
2023	7,843,710	381,952,877	35,823,509	1,081,739	44,748,958	45,583,917	6.36%
2024	8,157,459	372,954,393	37,299,719	1,081,739	46,538,917	47,407,273	4.00%
2025	8,483,757	361,667,911	38,834,978	1,081,739	48,400,473	49,303,564	4.00%
2026	8,823,107	347,852,486	40,431,646	1,081,739	50,336,492	51,275,707	4.00%
2027	9,176,031	331,245,955	42,092,182	1,081,739	52,349,952	53,326,735	4.00%
2028	9,543,073	311,563,191	43,819,138	1,081,739	54,443,950	55,459,804	4.00%
2029	9,924,796	288,494,217	45,615,173	1,081,739	56,621,708	57,678,197	4.00%
2030	10,321,787	261,702,169	47,483,050	1,081,739	58,886,576	59,985,324	4.00%
2031	10,734,659	230,821,101	49,425,642	1,081,739	61,242,039	62,384,737	4.00%
2032	11,164,045	195,453,607	51,445,937	1,081,739	63,691,721	64,880,127	4.00%
2033	11,610,607	155,168,265	53,547,044	1,081,739	66,239,390	67,475,332	4.00%
2034	12,075,031	109,496,866	55,732,195	1,081,739	68,888,965	70,174,345	4.00%
2035	12,558,033	57,931,433	57,931,433	1,081,739	71,571,205	72,906,632	3.89%
2036	13,060,354	-	-	1,081,739	14,142,093	14,405,966	-80.24%

Amortization of Unfunded Liability as of July 1, 2017

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2003	2002 ERI	4,357	4.50%	26	8,189	11
2003	2002 ERI	336,771	0.00%	17	330,234	2
2004	2003 ERI	4,229	4.50%	25	7,605	11
2004	2003 ERI	193,085	0.00%	17	189,132	3
2018	Fresh Start	N/A	N/A	18	N/A	18

* Includes recognition of the following asset gains/(losses) in Fiscal 2020 and 2022:

2020	\$1,125,028
2022	(\$9,525,364)

** Contribution is set to be the amount resulting from a 7.41% increase on the prior year's contribution, followed by four years of 7.41% increases, one increase of 6.36% in FY2023, and 4% increases thereafter. The contribution in FY2035 increases by 3.89%.